UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/48/534
22 October 1993

ORIGINAL: ENGLISH

Forty-eighth session
Agenda item 103

INTERNATIONAL COOPERATION AND ASSISTANCE TO ALLEVIATE THE CONSEQUENCES OF THE WAR IN CROATIA AND TO FACILITATE ITS RECOVERY

Report of the Secretary-General

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I. INTRODUCTION

1. In its resolution 47/166 of 18 December 1992, entitled "International cooperation and assistance to alleviate the consequences of war in Croatia and to facilitate its recovery", the General Assembly, having expressed its concern about the humanitarian situation, the increasing number of refugees, and the extensive material destruction in Croatia, having recognized the importance of the interrelationship between economic recovery and peaceful inter-ethnic relations, and having recognized the humanitarian aid already being provided, appealed to the international community to provide assistance to the most severely affected areas with a view to facilitating the return of refugees and internally displaced persons in those areas.

2. The Assembly requested the Secretary-General, having regard for the continuum ranging from emergency relief to the longer-term development needs of the war-torn region, to initiate, in cooperation with the Government of Croatia, an assessment of needs for the rehabilitation, reconstruction and development of Croatia, and to introduce, if appropriate, an international appeal for the funding of a programme for rehabilitation, reconstruction and development. It also requested the Secretary-General to report to the Assembly at its forty-eighth session on the implementation of the resolution.

3. This report summarizes the international community's response to the need for rehabilitation, reconciliation and reconstruction in Croatia, in particular. The report must be seen in the context of (a) the emergency relief activities, which, given the still ongoing hostilities, constitute to this day the main part of the task at hand, although a conscious effort has been made all along by all the major parties involved to take into consideration the continuum from relief to development, and (b) the entirety of the war-affected areas of former Yugoslavia. In addition to Croatia, where the first operations were mounted, there are now overwhelming needs in Bosnia and Herzegovina, as well as in the Federal Republic of Yugoslavia (Serbia and Montenegro), the Former Yugoslav Republic of Macedonia, and Slovenia, and indeed in neighbouring countries that have been affected by the crisis and are hosting significant numbers of refugees.

II. UNITED NATIONS CONSOLIDATED INTER-AGENCY APPEALS

4. At the time that resolution 47/166 was adopted, a series of United Nations inter-agency appeals had already been launched since late 1991 for humanitarian programmes being implemented under the leadership of the United Nations High Commissioner for Refugees; in December 1992, the amount of the appeal had risen to $642.5 million, to benefit 3 million persons throughout the territory of the former Yugoslavia.

5. Subsequent to the adoption of the resolution, a new appeal was launched to cover humanitarian needs for 1993; the number of projected beneficiaries was increased to over 3.8 million, of which 800,000 were in Croatia. This appeal, although obviously focusing on short-term humanitarian needs, reflected the commitment to post-emergency recovery and rehabilitation of the economy. In Croatia, in particular, the transition from relief to recovery is already under

way. The appeal thus included activities in small-scale agriculture, income generation and post-emergency shelters to be initiated on a pilot basis. The appeal document emphasized the significance of the fact that projects of the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Industrial Development Organization (UNIDO) had been included, reflecting the commitment of the United Nations to develop, wherever possible, durable solutions to overcome the plights of the people.

6. The appeal included the following specific projects for the reconstruction and rehabilitation efforts in Croatia:

(a) Food: Re-establishment of a flour mill and bakery in the United Nations Protected Area (UNPA) West, as part of the UNDP integrated revitalization programme;

(b) Health: Assistance from UNDP, UNICEF and the World Health Organization (WHO) with the rehabilitation of primary health care and hospital facilities throughout the country (e.g. the 430-bed facility at Pakrac, in UNPA West). UNHCR would make a contribution to the national health insurance scheme to ensure refugees' continued access to the existing national health insurance system by covering one half of their costs;

(c) Infrastructure: Provision by UNHCR, on a pilot basis, of reconstruction kits for basic repairs to private homes. UNDP, in order to encourage the return of Croat as well as Serb families to their homes and conduct a normal life in UNPA West, has a programme combining various social sector activities including rehabilitation of private and public buildings on a self-help basis. The United Nations Children's Fund (UNICEF), in cooperation with WHO and UNHCR, would give consultancy support to restore water and sanitation facilities;

(d) Community services: Implementation by UNICEF, UNHCR and UNDP and through local and international non-governmental organizations of a wide range of social service activities, such as special programmes for victims of torture and rape, provision of psychiatric counselling, rehabilitation programmes, training for professionals in traumatic stress counselling, training of psychologists and teachers, and six television programmes to help the public recognize and deal with stress. Income generation activities are also carried out as a complement to the overall community support;

(e) Education: Provision by UNICEF of educational supplies and training on land-mine awareness and peace education activities in primary schools.

7. This appeal was followed in October 1993 by a further one, which had to de-emphasize the reconstruction aspects to some extent in view of the pressing emergency needs for the forthcoming winter. With regard to Croatia, it noted that the number of persons needing assistance had not changed (a decrease in the number of refugees had been offset by a sharp increase in "social cases" of other kinds). While some of the rehabilitation and reconstruction programmes mentioned above had to be curtailed owing to a shortfall in the response to the March 1993 appeal, the most significant programmes are being implemented, particularly in community services, infrastructure rehabilitation and support to

the health system. It should be noted that as of October 1993, the cumulative response to the United Nations consolidated appeals is $1,003 million as against a total appeal figure of $1,850 million covering humanitarian assistance programmes throughout the former Yugoslavia.

III. ROLE OF THE INTERNATIONAL COMMUNITY IN THE RECONSTRUCTION OF CROATIA

8. The political and military situation as it developed during 1993 posed difficulties with regard to a full follow-up to resolution 47/166, both in relation to the consolidated appeals and to specific programming initiatives. A solid foundation was, however, laid by the organization, on the initiative of the Croatian Government and sponsorship from the national private sector and UNDP, of an international conference on "The Reconstruction and Development of the Croatian Economy - the Role of International Institutions", held at Zagreb in May 1993. The Croatian Government and the public and private sector were widely represented and exchanged views with most major international financial and technical assistance bodies and financial experts from all parts of the world.

9. The conference considered the main structural characteristics of the Croatian economy and was given a thorough assessment of the estimated war damages, amounting to some $20 billion or about one third of the fixed assets of the Republic of Croatia. There was wide agreement that recovery is directly linked with the return of refugees and displaced persons to their homes and the normalization of living conditions in the war-affected regions. At the same time, the World Bank emphasized the four major challenges of Croatian economic recovery: macroeconomic stability, privatization of the economy, reform of the banking system, and a market-oriented social policy. In this context, the World Bank initiated four lending activities in Croatia: an emergency operation, adjustment lending, a credit line to local banks, and infrastructure projects. The European Bank for Reconstruction and Development has targeted its lending to assisting the Government's stabilization programme and selected important industries, with initial emphasis on technical cooperation and infrastructure. The conference resulted also in the initiation of a series of business conferences examining the role of the public and private sectors in Croatia's reconstruction and transition process.

10. The representatives of the United Nations that attended the conference emphasized, during the course of the conference, the importance of management development in the public and the private sectors, as well as the need for particular attention to human resources development. A project to strengthen the management of external support to Croatia was presented to the conference.

11. Following the conference, the Secretary-General received a letter from the Prime Minister of Croatia in which he confirmed the position of the Government of Croatia, expressed at the conference: namely, that Croatia does not seek non-repayable grants from the international community, but rather loans under normal conditions. The letter gave details on the envisaged reconstruction and rehabilitation programme. Totalling $20.7 billion, it envisages among other things major investments in infrastructure ($6 billion), projects in agriculture, forestry and tourism ($2.6), health, education and cultural

programmes ($0.7), as well as a special programme for the reconstruction of the destroyed city of Vukovar ($6.4). A special request was made to the United Nations to set up a mission of experts to assess the war damage and the reconstruction and development needs.

12. Accordingly, UNDP is assisting the Government of Croatia in damage assessment and it is discussing future cooperation with the Government, leading to a country programme to be presented in May 1994. This programme will utilize the modest resources available to Croatia from United Nations core resources for development activities to focus on key issues relating to (a) reconstruction and rehabilitation and (b) transition to a market economy. The programme will emphasize the management of transition and human resource development, with particular reference to key economic sectors.